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HOW TO ASSIST THE LDC'S IN DESIGNING NATIONAL POLICIES AND
STRATEGIES AND EFFECTIVE PLANS FOR UTILIZING MORE FULLY THEIR
DOMESTIC RESOURCES FOR SELF-SUSTAINING GROWTH AND DIVERSIFICATION 1/

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1. The Lima Plan of Action giving UNIDO a crucial role in the implementation of the Declaration and Programme of Action on the Establishment of a New International Economic Order as far as industrial development is concerned, states that UNIDO should intensify and expand its present operational activities and action oriented studies and research programmes, toward the formulation of long-term and clearly defined industrialization plans and strategies and the introduction of concrete measures and institutional machinery for their execution.

In order to accelerate the industrialization process in the developing countries, UNIDO is rendering assistance to those countries in the formulation and revision of their industrial policies and strategies and in the formulation of the industrial parts of their development plans and is helping them in the selection and design of their industrial projects as well as in the development of regional industrial co-operation.

The assistance of UNIDO in formulating a set of policies to implement industrial development programmes is often combined with broad advice on the planning for future industrial development. In some developing countries the impact of Government policies is examined at branch level; other countries request advice on re-designing specific instruments of policy or specific area of policy. To support such advisory services UNIDO activities are aimed at the dissemination of knowledge of industrial planning and at developing appropriate methods and techniques.

Within this framework UNIDO technical assistance activities are mainly focused in the field of :

- Industrial Development Planning and Implementation;
- Industrial Development Strategies;
- Industrial Policies;
- Industrial Branch Planning;
- Identification of Investment Opportunities;
- Industrial Projects Preparation and Evaluation;
- Internal Regional Development;
- Industrial Surveys;
- Localizational Planning.

2. In general terms, planning can be defined as a goal directed decision making process. Eric Jantsch, Consultant to the Organization of Economic Co-operation and Development (OCDE) defines the essential features of planning as follows. Planning ought to be :

- Integrative (dealing with system cutting across social, political, economic and technological dimensions);
- Normative (oriented towards goals and establishing preferences);
- Adaptive (continuously modifying goals and preferences);
- Democratic (based on the principle of decentralized initiative and centralized synthesis, thus eliciting creative responses from all levels of planning and

of participation and integrating them);

- Not responsible for decision making (but preparing a research information based for decision making, through the comparative assessment of alternatives in an homogenous and impartial way).

The fundamental characteristic of planning(*) is that it is conscious and rational with the purpose of acting on some object defined as environment.

- Such action is undertaken for the purpose of effecting changes in the environment.

- The reason for wanting change in the environment is that complex dynamic situations tend toward increasing degrees of dis-organisation (ecological imbalance) unless higher organizing activities are introduced.

- Therefore, the purpose of affecting that situation through planning is either to solve the problems that inhere to the situation, or to improve the situation, or to establish a general control and dynamic over the environment so as to obtain organized progress within it.

Three levels of functional relations between the plan and the environment can be seen :

- a) Policy making functions, which result in normative planning and are directed toward the search and establishment of new norms;
- b) Goal setting functions, which result in strategic plan where in various alternative ways of attaining the objectives of the normative plan are reduced to those goals which can be achieved given the range of feasibilities involved and the optimum allocation of available resources.
- c) Administrative functions, which lead to operational planning wherein the strategies that will be implemented are ordered in terms of priority, schedules, etc.

3. Industrial programming can be defined as the more detailed determination of the man-power, equipment and facilities necessary for accomplishing the programme in other words feasibility testing in terms of specific resources and time. In programming, the programme and programme elements used in the planning process in highly aggregative terms are moved down the scales to more detailed terms (as detailed as appropriate to the issue) required for determining the feasibility of the possibilities that are given serious study.

(*)Nasan Osbekhan: Toward a General Theory of Planning

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**Practical Guidelines on UNIDO assistance in the field of
Industrial Planning and Programming**

The Industrial Planning Section of the Industrial Operations Division is entrusted with the activities, which are designated to assist developing countries in the determination and formulation of the industrial development strategies, plans and policies; the preparation of country surveys; the establishment of regional industrial co-operative programmes, as well as the establishment and/or strengthening of national planning institutions. These activities whenever required will be implemented in co-operation with other UNIDO departments.

The activities to meet these objectives are carried out under the legislative authority of the General Assembly Resolution 2152 (XXI) paragraph 2 (a) confirmed by Section III, Industrialization, of General Assembly Resolution 2302 (S-VI), and paragraphs 58 (a), (b), (c), (d), (j), (n), (o) and (p) and 66 of the Lima Declaration and Plan of Action.

In 1977 increased emphasis will be placed on action oriented programmes building up sufficient capacity and knowledge to respond effectively to requests from developing countries that want UNIDO assistance in the formulation and revision of their industrial policies and strategies or in the formulation of the industrial part of their development plans.

The Sections's specific activities cover :

a) Strategies, plans and policies for industrialization;

This specific activity comprises the provision of technical assistance to developing countries in preparing industrial development plans, in formulating strategies and policies for industrialization; in selecting priority industries and planning specific industrial branches and in strengthening national organizations to carry out this task. Assistance is also given in training and providing for exchanges of experience through technical meetings and training workshops and in disseminating knowledge through the preparation of guidelines and reference material.

b) Regional industrial co-operation;

This specific activity comprises the provision of technical assistance to regional groupings of developing countries in identifying industrial sectors and evaluating projects suitable for co-operation; in arranging for an exchange of experience and in disseminating knowledge, on the selection and evaluation of projects suitable for regional co-operation.

c) National policies and institutions for industrial development

Technical Assistance will be provided to developing countries in strengthening and improving existing industrial development planning institutions. Since most of the least developed among the developing countries as well as some other developing countries have not stabilized their planning institutions, the Section is planning to explore the situation through a mission to these countries to review the situation in the planning institutions with the Governments and provide technical assistance in establishing new or improving existing industrial development planning and institutions. In this connexion special emphasis will be placed on strengthening efforts already being made by developing countries to mobilize their internal resources and channel them into industrial undertakings. Emphasis will also be given to training of nationals in industrial financial management.

d) Country surveys:

Developing countries will be assisted in the preparation of industrial surveys as part of their industrial planning and programming activities.

Suggested set of actions in the field of Industrial

Planning and Programming

<u>Plan of Action recommended to Individual Developing Countries</u>	<u>Subject Classification</u> General	<u>Follow-up Action</u> Substantive	<u>Operational</u>
Formulation of industrialization plans	National economic plans	Planning methodology	Participation in national planning
Establishment of institutional machinery for planning and plan implementation	Planning and research institutes	Information system, data bank	Inst. assistance
Goals of industrialization plans: Economic growth, social justice, elimination of unemployment, modernization of industry, world peace	National Economic plans Economic goals	Flexible plan format to accommodate conflicting and changing economic goals	Long-range planning global models

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Industrialisation strategies

<u>Methodologies:</u> Investment criteria	<u>Direct technical assistance</u>
Social-benefit-cost	Training workshops
Selection priority industries	
Sectoral, branch programming	
	Direct assistance (methodology, data, computation)

Project identification

Direct assistance (survey, industrial data)

Project formulation

- Intersectoral approach to industrialization
- Intensive use of local resources
- Selection and promotion of strategic industries
- Encouragement of small and medium-scale industries
- Promotion of import-substituting and export-promoting industries
- Strengthening of financial and other institutions
- Economic stability to assure adequate saving rates
- Manpower training in management

Plan of action recommended to Individual
Developing Countries

Scientific research, standardization,
Industrial information

Strengthening of the role of the State in
directing industrialization efforts

Regulation of foreign investment

Diversification of the sources of foreign
exchange earnings

Subject Classification
General

Industrialization
policies

Follow-up Action
Substantive Operational

policy planning,
programming

Direct assistance
(policy impact
studies)

Socio-economic
studies

Plan of Action for the Least-developed
Countries

Inventory of natural resources

Technical, financial, infrastructure
development

Industrial estates and pilot plants

Integrated production units

Rural development, small-scale
industries

Cottage industries

Studies on industrialization potentials

Water resources and agro-industries

External assistance

Subject Classification
General

Survey: economic potentials

Institutional inputs

Industrialization strategies

External aid

Follow-up Action
Substantive Operational

Assistance in
survey, economic
planning

Generalized
investment
criteria with
limited data

Assistance
strategy
formulation

Project identification
for the least-
developed countries

Plan of action among developing countries

Increase trade between developing countries

- Institutional set up for co-operation
- Harmonization of economic policies
- Favour imports from the least developed countries
- Solidarity of developing countries
- Producers association
- Financial aid to the least developed countries
- Measures to implement New International Order
- International specialization
- Assistance to the least developed countries
- Sharing experience
- Maritime Transport
- Regional Co-operation institutes

Follow-up Action
Substantive Operational

International specialization
(survey)

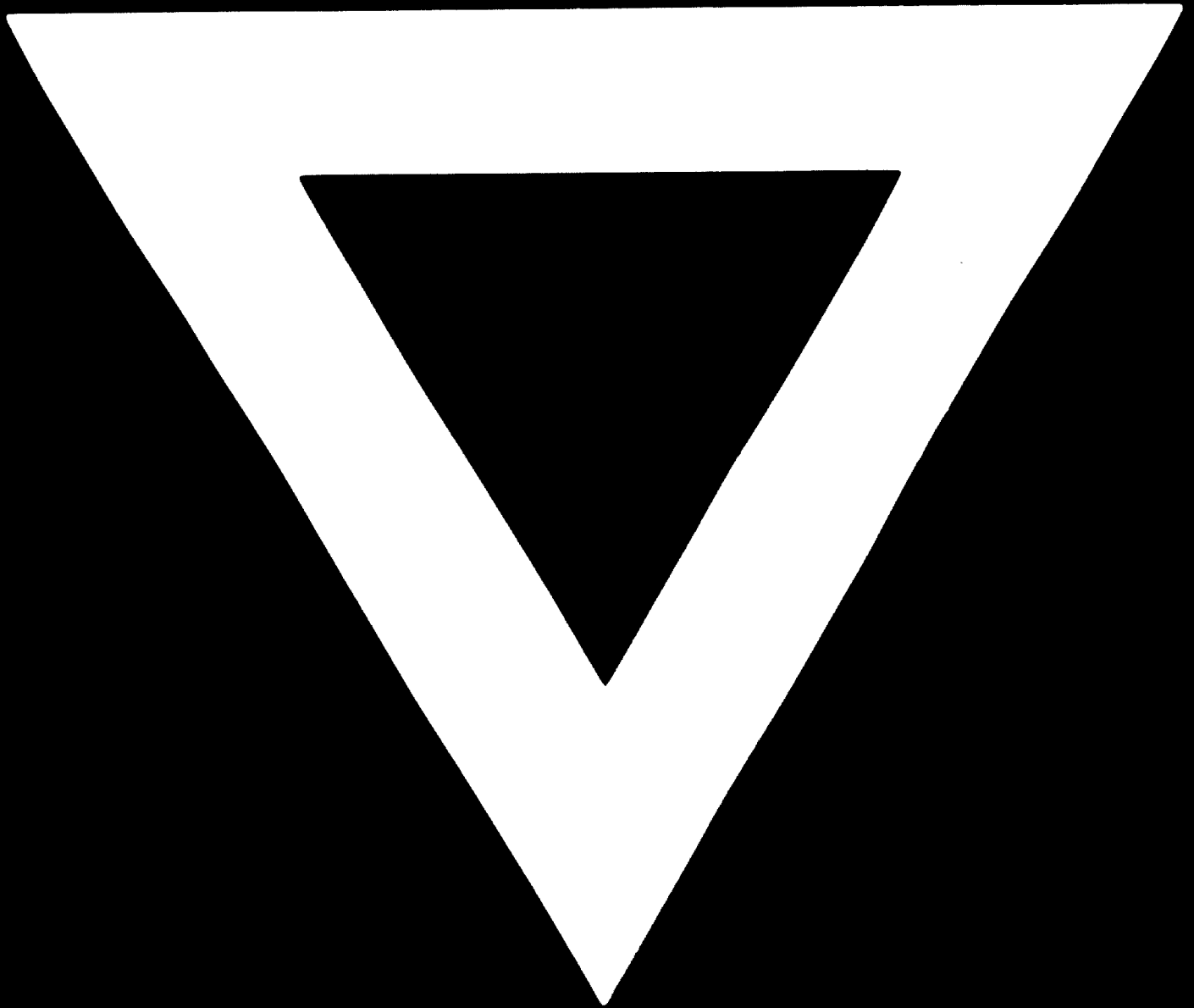
- Regional co-operation
(a) Location, benefit sharing of multinational projects
- (b) Co-ordination of Plans. Common methodology
- (c) Regional economic unity

International strategy
Customs union
producer's union

Trade expansion
Economic co-operation

- Direct assistance (methodology, case studies)
- Direct assistance (methodology)
- Institutional assistance

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